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|  NORFOLK Department of Police | Administrative General Order – ADM 435: Fiscal Procedures | | |
| | Office of Preparation: Strategic Management Division (mar) | | |
| | CALEA: | 17.4.2 | |
| | VLEPSC: | ADM. 15.01, ADM. 15.03 | |
| LEGAL REVIEW DATE: | 6/19/14 | PRESCRIBED DATE: | 6/25/14 |
| City Attorney: | Marshall P. McGinnis | City Manager/Director of Public Safety: | Mark D. Jones |
| APPROVED BY THE AUTHORITY OF THE CHIEF OF POLICE: | | [Signature] | |

Purpose

To outline fiscal guidelines and procedures.

Policy

The Norfolk Police Department adheres to procurement regulations in City Code Chapter 33.1, City regulations implemented pursuant to Section 33.1 and to the procedures outlined in this directive.

Supersedes:

1. G.O. 98-003, dated May 17, 2006
2. Any previously issued directive conflicting with this order

Order Contents:

- I. AFMS Document Types
- II. General Procedures
- III. Document Preparation and Processing
- IV. Records Maintenance
- V. Petty Cash, Investigative Cash, and Change Funds

I. AFMS Document Types

- A. RQS – Requisition: A document that initiates the purchase of goods or services over \$5,000. (If a good or service is available through a master agreement, then a master agreement (DO) must be prepared rather than an RQS.) An RQS is required for all computer hardware, software, and fax equipment purchases, regardless of the dollar amount. RQS's pre-encumber funds when final.
- B. PC – Centralized Purchase Order: Formal orders prepared centrally by the Purchasing Agent and mailed to the vendor and a copy forwarded to requesting command. Centralized purchase orders always reference requisitions (RQS). Centralized purchase orders encumber funds when final.
- C. PO – Decentralized Purchase Order: Formal orders for good/services up to \$5,000. POs encumber funds when final. Commands are responsible for printing and maintaining a hard copy of the PO document.
- D. DO – Master Agreement Release: A document that places an order against a formal agreement that has been established with a vendor to provide the City with a good or service at an agreed-on price. DOs encumber funds when final in AFMS. Commands are responsible for printing and maintaining a hard copy of the DO document.
- E. RC – Receiver: A document that represents the vendor's packing slip. The RC advises the three way match program that the goods or services have been received.
- F. IN – Vendor Invoice: A document that represents the vendor's bill or invoice. The IN advises the three-way match program that the goods or services have been invoiced.
- G. GAX – Payment Request: A GAX is a document that requests immediate payment of an invoice. GAX documents are authorized for payments listed in Attachment A.
- H. PRM – Matching Payment Request: A computer program in AFMS that runs automatically each night and attempts to match: (1) orders with referencing, (2) receivers, and (3) vendor invoices. For each order where a match exists, the system automatically creates a PRM document. The system then automatically generates checks for accepted PRMs.

II. General Procedures

- A. Ensure funds are available before procuring goods/services.
- B. Obtain approval for all purchases from the appropriate commanding officer prior to all such purchases. Additionally, obtain endorsement for all computer hardware and software purchases from the Officer-in-Charge (OIC) of the Technology Support Unit, prior to such purchases.
- C. Evidence of adequate and reasonable competition must be recorded in the purchase files of all goods/services that cost up to \$5,000. (The exception is when goods/services are purchased under a master agreement, in which case documentation of three prices is unnecessary.) In addition to the names of the businesses, the quotations, verbal or written, shall include the amounts of each quotation and be attached to the PO header page in AFMS. These records must be retained along with other source documentation for at least five years. The award will be

made to the lowest responsive and responsible bidder.

- D. Ensure goods and services are procured in a manner that ensures the best value and use of funds.
- E. No employee of the Norfolk Police Department may sign vendor documents (invoices, agreements, contracts, order forms, etc.). The original document must be sent to the Purchasing Agent with the appropriate AFMS document referenced on the vendor document. The Purchasing Agent will resolve the terms and conditions with the vendor.
- F. Sole Source Purchases

In rare situations, a determination may be made that only one source is available for that which is to be procured (goods or services). Under these circumstances, the procuring command, PRIOR TO ACTUAL PROCUREMENT, will prepare an Inter Department Memo from the Chief of Police to the Purchasing Agent with the purchase description, specifications, and justifications for the sole source purchase (justification will include businesses that were contacted and were unable to supply the good or service). Forward the memo through chain of command to the Chief of Police for signature. Forward signed memo to Purchasing Agent for approval. Once approved, attach memo to the header page of the procuring document. (City Ordinance, Section 33.1- 40).

- G. Emergency Procurement

A confirming RQS is an RQS that is processed after the goods/services have been purchased and/or received. This is acceptable only when a goods/service is purchased in an emergency situation (See City Code Section 33.1- 41 for definition of emergency and competition requirements).

- H. Purchasing K-9 Dogs

Since K9 dogs are considered livestock, the purchase is not subject to competitive bidding. The Purchasing Agent will issue a purchase order upon receipt of a completed RQS if the purchase is over \$5,000. The command will issue a PO if the purchase is under \$5,000. The RQS or PO must be completed before actual procurement.

- I. Monitor expenditures on a monthly basis. Report inconsistencies and anticipated shortfalls to the Office of Fiscal Management.
- J. When an employee needs to be added to or removed from an AFMS input and/or approval level, complete the Advantage Financial System Security Access Form (Attachment B).

III. Document Preparation and Processing

- A. Commands should refer to the definitions described in this order to determine which document is most appropriate for procuring a particular good or service. Commands should contact the Office of Fiscal Management if unsure of what document to prepare.
- B. Prepare and process documents in accordance with this general order and AFMS guidelines.
- C. Ensure the correct cost center numbers and object codes are cited.
- D. Pay for all goods and services from a vendor invoice. The approved invoice must be attached to

the header of the payment document.

- E. Follow up on all documents to ensure smooth and efficient processing. Ensure RQS's are converted to PCs as quickly as practical to ensure timely encumbrance of funds. Equally ensure all other documents are rendered "Final" in AFMS so funds are encumbered timely.
- F. Ensure vendors are paid in a timely fashion.

IV. Records Maintenance

For all fiscal documents, hard copy records detailing the request or purchase must be maintained for audit purposes. At minimum, the most recent two years of files will be maintained for ready access. The previous years of files will be stored in storage boxes properly marked. All files will be kept and separated by fiscal year. Files will be kept following the retention schedule for localities maintained by the Library of Virginia.

Hard copy requirements are as follows:

A. Invoices

COs must write "approved" on all invoices paid by their command. Next to "approved" COs will sign their name and date the invoice. When invoices are paid, the check number and date will be written on the invoice.

B. Packing Slips

When goods are shipped to commands, the person receiving the goods must check the goods against the packing slip to ensure all the goods are received. On the packing slip, the receiver will state "Goods Received." Next to "Goods Received" the receiver will sign and date the packing slip.

C. RQS (Requisitions)

Written bureau chief approval must be obtained by a CO or OIC prior to submitting an RQS. To accomplish this, the CO/OIC may email or forward written correspondence to the appropriate bureau chief requesting approval to submit an RQS. The email or correspondence should include at minimum: the item description, estimated cost, object code to be charged, and a statement requesting approval. Upon receipt of bureau chief approval, attach the approval to the header of the RQS in AFMS, file the email or correspondence, and await receipt of the purchase order.

D. PC (Centralized Purchase Order), PO (Decentralized Purchase Order, and DO (Master Agreement)

When the PC, PO, or DO is received, review it for correctness. The RC, IN and check (AD – Automated Disbursement) numbers must be written on the invoice. Packing slips must be dated and signed by the receiver. Invoices must be dated and signed by the CO. File all source documentation together. Commanding officers must write "approved" on the invoice, sign their name, and date the invoice.

E. GAX (Payment Request)

The GAX and check numbers must be written on the invoice. Packing slips must be dated and signed by the receiver. Commanding officers must write "approved" on the invoice, sign their name, and date the invoice.

Hard copies of GAXes are not provided.

V. Petty Cash, Investigative Cash, and Change Funds (CALEA 17.4.2 a/f), VLEPSC ADM 15.03 a/g)

- A. Petty Cash and Investigative Cash custodians will adhere to the procedure in City of Norfolk Petty Cash Fund Policy, Attachment C. Change fund custodians will adhere to the procedure in City of Norfolk Change Fund Procedures, Attachment D. Petty cash funds are not to be used as change funds. All custodians will, also, be responsible for adhering to the procedures listed below. The Police Department maintains the following Petty Cash, Investigative, and Change Funds:

| TYPE OF FUNDS | AMOUNT |
|-----------------------------|------------|
| Petty Cash | |
| Office of Fiscal Management | \$500.00 |
| Homeland Security Unit | \$500.00 |
| Detective Division | \$250.00 |
| Second Patrol Division | \$250.00 |
| Change Funds | |
| Central Records Division | \$100.00 |
| Investigative Funds | |
| Narcotics Unit | \$9,000.00 |
| Street Response Unit | \$9,000.00 |
| Criminal Intelligence Unit | \$2,000.00 |
| Detective Division | \$2,000.00 |

- B. Investigative Cash funds are intended to support expenditures related to investigative needs where use of normal procurement procedures are not practical or would otherwise hamper ongoing investigations. Examples include, but are not limited to, payments to informants, purchases of controlled substances, unexpected travel expenses, or other supplies necessary to continue an official investigation.
1. All expenditures will be documented using forms PD 930, Investigative Cash Expenditure Form, with receipts or other documentation attached; or PD 931, Information and Controlled Purchase Form.
 2. Due to the nature of these funds, expenditures are not subject to the petty cash limits established by city policy. Any lump sum expenditure of \$1,000 or more requires prior approval from the Assistant Chief of Police, Investigative Services.
 3. All payments to informants will be made in compliance with GO OPR-480: Confidential Informants.
- C. Petty Cash, Investigative Cash, and Change Funds will be replenished as needed and, at a minimum, quarterly. Expenditures will be charged to the appropriate budget code.

- D. Custodians of funds shall conduct a quarterly accounting audit of their respective funds, listing beginning and ending balances. All shortages/overages will be resolved in accordance with established City policy.
- E. A report of these quarterly audits will be forwarded to the SMD CO and are to be maintained in accordance with procedures set forth by G.O. ADM-453: Records Retention.
- F. All discrepancies identified in these reports will be followed up immediately by the departmental Compliance Inspector(s), who shall report their findings via the chain of command to the Chief of Police.
- G. In addition to the internal audits (Section V. E, above), annual audits shall be conducted by the departmental Compliance Inspectors, who shall report their results in writing, through the chain of command, to the Chief of Police.
- H. Independent external audits shall be performed by the staff of the City Auditor's office at the request of the Accreditation Manager as needed.

Definition

Advantage Financial (AFMS): The automated financial operating system used by the City of Norfolk that includes but is not limited to the following functions: accounts receivable, accounts payable, general ledger, encumbrance control, fund accounting, fixed asset maintenance, procurement and inventory control.

Related Documents:

- 1. G.O. ADM-453: Records Retention
- 2. G.O. ADM-478: Computer Data Systems Security
- 3. G.O. ADM-520: City Owned Property
- 4. City Code Chapter 33.1
- 5. City of Norfolk Policy and Administrative Regulations Manual

Attachments:

- A. Classes Authorized for GAX Payments
- B. Advantage Financial System Security Access Form
- C. City of Norfolk Petty Cash Fund Policy
- D. City of Norfolk Change Fund Procedures

Classes Authorized for GAX Payments

City of Norfolk

(http://intranet/financeBusiness/Training/Job%20Aides/Creating_a_GAX_and_it's_Policy_and_Procedure.pdf)

Last Updated: 2/2011

GAX documents may be used for the payment types listed below.

There are no dollar limits per transaction.

If a payment type is not specified herein, then other document must be used (PC, PO, or DO) depending on dollar limits and existing Master Agreements.

Please contact Purchasing with any questions. (664-4787)

GENERAL USE:

1. Payments for corporate and individual **MEMBERSHIP** fees to professional organizations.
2. Payments for registrations to **CONFERENCES** and **SEMINARS**.
3. Payments for **TRAVEL** expenses.
4. Payments to City of Norfolk **EMPLOYEES** (travel, local mileage, petty cash, other authorized reimbursements). Note: Additional forms may be required for some payments e.g. tuition reimbursement and travel advances.
5. Payments against Capital Projects.
6. Payments for **UTILITY** bills including gas, water, electricity, telephone, and cable.
7. Payments for **POSTAL SERVICES, UPS, FEDEX, Airborne Express**, etc.....
8. Payments to **CITIZENS** (as individuals, not sole-proprietorship business) such as refunds, social service warrants, election worker checks, etc...
9. **INTERAGENCY** payments to other state, local or federal agencies such as the Virginia Treasurer, Dept. of Health, etc. This includes transfer of funds between City agencies such as the City Treasurer. Exception is purchase of goods from the Virginia warehouse system.
10. **DEBT SERVICE** to include payments to the consolidated lease-purchase program.

SPECIAL USE:

1. Subscription services to magazines, newspapers, or periodicals.
2. Newspaper advertisements for recruitment, contract and legal notices, etc.
3. Books and related material purchased by the Libraries Department for General Circulation.
4. Escrow payments to banks.
5. Zero dollar final payments against Purchase Orders to liquidate encumbrances.
6. Payments to physicians for Worker's Compensation claims.
7. Payroll related transactions such as insurance payments, garnishments, and tax payments
8. Settlements of lawsuits, acquisitions, attorney's fees, and other legal fees.
9. Payments made to Staples Advantage for office supply purchases.

City of Norfolk
Department of Finance &
Business Services

Advantage Financial Management System (AFMS) Security Access Form
(<http://intranet/eforms/AFINVendorCode/ProfileForm.pdf>)

User Name: _____, Network User ID: _____

Data Entry Access Section

The below-named individual is authorized to post the transaction shown to the City of Norfolk's AFMS system.

Authorized transaction:

IN – Invoices

MA – Master Agreements

GAX – General Account Expense

RC – Receivers

DO – Delivery Order

RQS – Standard Requisitions

SRQ – Stock Request

Posting of Journal Vouchers (JVA and JV) is ___ is not ___ authorized.

For: _____ Approval level 1 (Data Entry), and or

For: _____ Table Access Section: RPT – Reporting Code

For: _____ Business Objects X1

Transaction Approval Authorization Section

I authorize the below-name individual to approve accounting transactions in the AFMS accounting system at the approval level indicated. AFMS electronic approval level 2 is equivalent to signatory approval at Bureau Head level and electronic approval level 3 is equivalent at the Department Head level.

This authorization will be granted by signature of the appropriate individual in the signature block below.

I understand that although these approvals will be applied processed and recorded electronically, they will have the same authority as a document signature, including but not limited to procurement actions and payment authorization as provided for in section 33 of the City Code of the City of Norfolk.

For: _____ Approval Level 2 (Bureau Head), and /or
_____ Approval Level 3 (Department Head).

This authority is limited to transactions affecting

_____ the _____ Department (two-digits),

The following special conditions will apply:

User signature: _____

Authorized _____

Date _____

Title _____

Date _____

For System Administrator Use Only

Date setup _____

Finance Director _____

City of Norfolk
Petty Cash Fund Policy

(http://intranet/finance/policiesProcedures/pdf/Petty_Cash_Policy_Procedures.pdf)

PETTY CASH

Department and Bureau Heads are responsible for ensuring that this policy and procedure is complied with in all respects.

POLICY

The City of Norfolk permits the establishment and use of Petty Cash accounts to facilitate small cash disbursements (up to \$50.00) for appropriate city business. It is the policy of the City of Norfolk that the following procedures are followed when, 1. Establishing petty cash accounts, 2. Defining the duties of the fund custodians, 3. Disbursing monies, 4. Reconciling accounts, 5. Requesting replenishment funds, and 6. Closing accounts.

ESTABLISHING PETTY CASH ACCOUNTS

DEFINING THE DUTIES OF THE

CUSTODIANS DISBURSING MONIES

RECONCILING ACCOUNTS

REQUESTING REPLENISHMENT FUNDS

CLOSING ACCOUNTS

FORMS

ESTABLISHING PETTY CASH ACCOUNTS

Procedure

1. It is the department head's responsibility to request the establishment of the Petty Cash Fund or any changes to the Fund from the Director of Finance in writing via a memo. In addition, a completely filled out and signed Petty Cash/Change Fund Acknowledgement Form should be included with the memo.
2. Petty Cash Fund limits are agreed upon by the Department Heads and the Director of Finance; hence the limits are different per department and need.
3. The request must identify the custodian(s) (head and alternate) of the requested Fund and those authorized to approve Petty Cash vouchers. (NOTE: Only department, bureau, or division heads may be authorized to approve Petty Cash vouchers).
4. Changes to the custodian(s) of the Fund and/or the authorized approvers must be reported in writing to the Director of Finance by the department head 24 hours prior to the change.
5. The Petty Cash Custodian Acknowledgement form signed by the petty cash custodian(s) and the original request signed by the department head must be received by the Petty Cash Administrator in Finance prior to release of any check funding a new petty cash fund or any change in an existing Fund balance change.

DUTIES OF THE CUSTODIAN

1. All custodians of Petty Cash Funds are required to sign the Petty Cash Fund Custodian Acknowledgement form, which states that the custodian is responsible and accountable for all Funds in his/her care.
2. Custodians are required to maintain a DAILY accurate log of all Petty Cash transactions.
3. Custodians are responsible for keeping the Petty Cash in a secure area and in a locked cash box.
4. Custodians are responsible to ensure that monies from other sources are not kept in the Petty Cash lock box.
5. Custodians and department or bureau heads will exercise caution in the administration and protection of the Petty Cash Fund and lock box keys.
6. Custodians must secure a receipt for all expenditures and ensure that the receipt has the date, amount, description of the purchase, and the signature of the person being reimbursed for the purchase (if someone other than the custodian).
7. Custodians of Petty Cash Funds will not engage in other activities related to the holding of receipts or disbursement of cash other than directly relating to the Petty Cash Fund. The custodian or alternate of the Petty Cash Fund cannot be the custodian or alternate of the Change Fund. These must be 4 different people.
8. Custodians are NOT to cash personal checks from the Petty Cash Fund.

9. Custodians will ensure that cash revenue receipts on hand are NOT used for Petty Cash expenditures.
10. Custodians will NOT take the lockbox home, store it at a private residence or motor vehicle.
- H. At the close of each fiscal year, Petty Cash custodians will make replenishments of their Funds to bring the Fund balance to its fully funded level as of June 30th.
12. Each Petty Cash custodian will verify his or her funds existence and funding level to the Petty Cash Administrator as of June 30 each year.
13. Custodians of the Petty Cash Fund must follow the Disbursement Procedure.

DISBURSING MONIES

Disbursements of currency for Petty Cash expenditures will only be processed for payment if they meet the following criteria:

- Valid business purposes
- Not for personal services or any payroll related matters
- Petty Cash Voucher is fully completed
- Supporting documentation is provided
- Amount disbursed does not exceed \$50.00 (unless reimbursement is for replenishment of a departmental petty cash fund)

Petty Cash transactions will be processed according to the following guidelines:

1. A Petty Cash Voucher will be properly prepared for each request and/or disbursement indicating item(s) to be purchased.

2. The Voucher will be prepared in ink or typewritten and properly dated with a full description of the item(s) to be purchased.
3. The department or bureau head must approve the voucher prior to the actual purchase and before funds are paid out.
4. A receipt showing details of purchases must be attached to each Petty Cash Voucher. Cash register tapes must contain a description of each item purchased in addition to the appropriate amount.
5. The voucher and attached receipts will be submitted to the Petty Cash Custodian.
6. The Custodian and Purchaser will sign the Voucher in the appropriate places with the full description of the item purchased and the amount paid.
7. Advances, not payroll related, from Petty Cash may be made if the estimated cost of the item does not exceed \$50.00 and proper approval has been obtained from the department/bureau head.
 - If an advance of funds is made, the purchaser will sign for the funds at this time.
 - All receipts and any unused funds will be returned to the Petty Cash Custodian immediately upon returning to the office.
 - The Petty Cash Custodian will then attach the receipts to the voucher and the transaction is complete.

Reconciling Account

1. Custodians will make sure that all their Petty Cash vouchers and receipts have been properly recorded on the daily log.
2. The total of the disbursed amounts and the cash on hand should equal the total value of the Petty Cash account. The "Total Disbursement" is the total dollar value that will be replenished with a payment voucher (P1).
3. The custodian will maintain the Petty Cash Fund in a constant state of reconciliation; therefore, cash plus expenditure receipts on hand must always equal the amount of the Fund which was established.
4. All Petty Cash Fund shortages /or overages are to be reported to the department, bureau, or division head immediately upon replenishment.
5. The department, bureau, or division head has the responsibility for investigating these differences.
6. Overages are to be transmitted to the City Treasurer along with a fully completed Report of Cash Receipt Form for credit to revenue, account #GF-04-007-4654.
7. Shortages are to be reported to the City Auditor and Director of Finance via a Missing, Lost, or Stolen Property Report with all pertinent supporting documentation attached by the department, bureau, or division head.
8. A copy of the Missing, Lost, or Stolen Property Report must be provided to the Petty cash Administrator in Finance.

9. Department will replenish shortages at the time of reconciliation by processing a payment voucher (P1) through the financial system and charging the Petty Cash shortage account #5397 for that agency/organization.
10. The Petty Cash Administrator must receive a copy of the Missing, Lost, or Stolen Property Report before replenishment is made.
11. Shortages are to be reported to the City Auditor and Director of Finance via a Missing, Lost, or Stolen Property Report with all pertinent supporting documentation attached by the department, bureau, or division head.
12. City auditors perform periodic verification of Petty Cash Fund balances. In addition, unit heads should designate a disinterested employee not under control of the custodian to conduct an unannounced periodic verification/reconciliation, and clear any overages/shortages at that time. This will be done at least semi-annually.

REPLENISHING A PETTY CASH FUND

1. Replenishments of the Petty Cash Fund may be made by processing a payment voucher through the financial system with the necessary on-line approvals.
2. Replenishment of the Petty Cash Fund should be replenished at least quarterly.
3. Replenishment by June 30th is MANDATORY.
4. At the time of the Petty Cash reimbursement, the supporting documentation and the amount of the unexpended balance of the fund will be verified by the department, bureau, or division head of his/her designated representative in the presence of the Petty Cash Fund custodian.
5. A written record of this verification is to be maintained by the custodian indicating date of count, amount of cash counted, amount of petty cash vouchers and supporting documents included in the Petty Cash Fund, amount of established fund, and any overage or shortage.
6. This record is to be signed by the department, bureau, or division head.
7. All Petty Cash Fund shortages /or overages are to be reported to the department, bureau, or division head immediately upon replenishment.
8. The department, bureau, or division head has the responsibility for investigating these differences.
9. Overages are to be transmitted to the City Treasurer along with a fully completed Report of Cash Receipt Form for credit to revenue, account #GF-04-007-4654.
10. Shortages are to be reported to the City Auditor and Director of Finance via a Missing, Lost, or Stolen Property Report with all pertinent supporting documentation attached by the department, bureau, or division head.
11. A copy of the Missing, Lost, or Stolen Property Report must be provided to the Petty cash Administrator in Finance.
12. Department will replenish shortages at the time of reconciliation by processing a GAX through the financial system and charging the Petty Cash shortage account #5397 for that agency/organization.

13. The Petty Cash Administrator must receive a copy of the Missing, Lost, or Stolen Property Report before replenishment is made.
14. In the event funds are redistributed within a department, the head custodian is to obtain a signed receipt from each alternate using a part of the Petty cash Fund. The head custodian remains responsible and accountable for the total amount of the Petty Cash Fund as indicated on the acknowledgement filed with the Director of Finance.
15. The Petty cash Fund expenditures must be charged in the same manner as a department requisition to the appropriate object code. Problems with determining or questions regarding the proper object code should be referred to the City Controller.

CLOSING A PETTY CASH FUND

1. Before closing a petty cash fund, the petty cash custodian shall perform a normal replenishment of the funds restoring the petty cash fund to its original fully funded balance.
2. Transmit the funds to the City Treasurer along with a fully completed Cash Receipt Form crediting the Petty Cash balance sheet account #1140.
3. A copy of the Cash receipt and memo signed by the department head notifying the Director of Finance of the petty cash fund closure shall be submitted to the Petty Cash Administrator.

Policy and Administrative Regulations

Title: City of Norfolk Change Fund

(http://intranet/finance/policiesProcedures/pdf/Change_Fund_Policy&_Procedures.pdf)

Effective:

Policy Origination: Department of Finance

CHANGE FUND PROCEDURES

INTRODUCTION

All established change funds are the property of the City of Norfolk and are subject to handling and accounting policies established by the City.

A change fund is established to provide cash to a department for the sole purpose of making change. This fund must always remain constant. No purchases are to be made from this fund. A change fund is not to be used for cashing checks or for the payment of small and/or non-recurring charges.

Change funds are not used to make a loan to any person or group. A loan includes but is not limited to: notes, post-dated checks, or checks presented for cash but not deposited at the end of the normal business posting period.

Change funds are not to be created or replenished from departmental cash collections of any variety.

Authorization to establish a departmental cash collection on behalf of the City is required from the Finance Department. A request is to be made in writing to the Director of Finance, outlining the reason for the change fund.

CHANGE FUND

Definition

A change fund is established to provide cash to a department for the sole purpose of making change. It should not be used to provide reimbursement for expenditures.

Change funds are prohibited by the City of Norfolk from being used for making loans of any type. Change funds may not be used for the cashing of personal checks.

Procedures to establish Change Fund

A request to establish a City of Norfolk change fund account must be approved by the Director of Finance. Denied requests may be appealed. Department or bureau heads should submit written requests for approval which contain the following:

- Amount of the fund
- Purpose
- Where the fund will be utilized/held
- Name of the City employee that will be the accountable custodian of the fund.

The request should be sent to the Accountant 1 of the Department of Finance. Any changes in the custodian of the fund must be reported to the Director of Finance by the department or bureau head.

Approval Procedures

Requests to establish a change fund and its amount will be reviewed for need and will be granted or denied by the Director of Finance. Denied requests may be appealed. Once a change fund has been approved, a check will be prepared by the Department of Finance for the approved amount.

All custodians of change funds are required to sign the Petty Cash or Change fund Custodian's Acknowledgement form (sample attached), which states that the custodian is responsible and accountable for the fund specified.

Increasing Change Funds

Increasing an existing change fund requires a written request. Increases to change funds will be considered by the Director of Finance. Denied requests may be appealed.

Termination or Reduction of Change Funds

It is recommended that a change fund be surrendered if it will not be used. A change fund account may be eliminated or reduced at any time at the request of the Director of Finance or the department head. In addition, the Director of Finance may reduce or eliminate a change fund based on the fund inactivity or violation of change fund handling procedures.

To close a change fund, the change fund must be returned to the Treasurer's Office. If a shortage exists, it is to be reported to the department or bureau head immediately. The department or bureau head has the responsibility for investigating these differences. Overages are to be transferred to the City Treasurer under cover of a Report of Cash Receipts for credit to the General Fund, Revenue-Other Miscellaneous Account Number 4654.

Security of Funds

All change funds must be maintained in a locked cash box and when not in use shall be kept in a secure place, preferably a fireproof safe, to prevent loss. Funds are to be secured

only within the department. Keys to the cash box should be given to the change fund custodian and the department or bureau head. Funds from other sources other than those directly related to the purpose for which the change fund was authorized will not be kept in the change fund box.

Funds are not to be taken home or stored at a private residence or in a motor vehicle. Any further questions regarding security should be directed to the Accountant I, City of Norfolk, Department of Finance.

Audit Procedures

The department or bureau head will establish procedures to have the change fund audited on a quarterly basis. The results of the audits will be maintained on file for a period of three year.

All change funds are also subject to audit by the City of Norfolk-Department of Finance or City Auditors-audits may be scheduled or unannounced,

Loss of Funds

Change fund losses shall be reported by the custodian to the department or bureau head and the Departments of Finance and Internal Audit immediately so that a complete investigation and report can be made of the circumstances involved.

If one or more of the following conditions are identified during Internal Audit's review of the cash loss, the custodian may be held personally responsible for the total loss:

- The change fund has not been properly registered with the Department of Finance.
- The money in the change fund has been commingled with revenue collected by the department that should have been deposited with the City Treasurer.
- The money in the change fund has been commingled with personal funds, petty cash funds, and/or other department funds.
- An on-going record of activity has not been maintained.
- The money in the change fund has not been secured in a locked cash box and/or fireproof safe.
- Payments have been made for purposes for which the change fund is not authorized (including, but not limited to: personal check cashing, travel advances, lunches, personal use, or petty cash transactions).

The custodian of the change fund will not be responsible for other activities relating to the holding, receipt, or disbursement of cash other than as directly related to the purpose for which the change fund was authorized.

Assistance

Questions concerning the handling and accounting policies established by the City of Norfolk should be directed to the Department of Finance. Inquiries and assistance pertaining to procedures involving change funds and information related to the security of funds should be directed to the Accountant I, Department of Finance.

A copy of the change fund policy and procedure is available for viewing and printing from the City's intranet website.

ATTACHMENT

INSTRUCTIONS FOR COMPLETING THE PETTY CASH/CHANGE FUND ACKNOWLEDGEMENT FORM

There are two parts to the acknowledgement form:

1. Head Custodian

The Head Custodian must complete lines for the date, department name and department agency/org. The Head Custodian must print his/her name, and check the box with a check mark to indicate whether the form applies to the Petty Cash or Change Fund. The dollar amount of the fund's balance, the Head Custodian signature and the bureau/department head's signature of approval must be obtained before the Petty Cash/Change Fund Acknowledgement form is submitted to the Finance Department for record keeping purposes.

2. Alternate Custodian

The Alternate Custodian must complete the lines for date, department name and department agency/org, (if separate from the Head Custodian acknowledgement). He or she also should check the box with a check mark to indicate whether the form applies to the Petty Cash or Change Fund. The dollar amount of the fund's balance, the Alternate Custodian signature and the bureau/department head's signature of approval must also be obtained.

CITY OF NORFOLK
PETTY CASH/CHANGE FUND CUSTODIAN ACKNOWLEDGEMENT FORM

Date _____ Department Name _____

Department/Org _____

Please check one of the boxes to indicate the applicable fund.

☐ Petty Cash Fund

☐ Change Fund

1. As the Head Custodian of the _____, I acknowledge the responsibility and accountability for the \$ _____ dollar balance. All shortages and overages will be reported to the bureau/department head immediately. I, hereby, acknowledge that I have read and am familiar with the Petty Cash or Change Fund procedures.

(Signature of Head Custodian)

(Signature of Bureau/Department Head)

☐ Petty Cash Fund

☐ Change Fund

2. As the Alternate Custodian of the _____, I acknowledge the existence of the \$ _____ dollar balance. My duties and responsibilities relative to this fund apply in the absence of the Head Custodian. I, hereby, acknowledge that I have read and am familiar with the Petty Cash or Change Fund procedures.

(Signature of Alternate Custodian)

(Signature of Bureau/Department Head)